LION MOUNTAIN TIMBER SALE

NOTICE OF SALE

Department of Natural Resources & Conservation Timber Sale

The Lion Mountain Timber Sale is located within Section 34, T31N-R22W on the State's Kalispell Unit. Approximately 3,871 tons, consisting of Douglas-fir, western larch, and Engelman Spruce sawlogs is offered for sale.

Sealed bids will be opened at the Department of Natural Resources & Conservation, 2705 Spurgin Road, Missoula, Montana on November 24, 2008 at 2:00 p.m. Bids may be hand delivered or mailed and will be accepted any time prior to the bid opening. DNRC recommends that bidders contact the Trust Land Management Division (406-542-4300) prior to the bid opening to ensure that your bid has been received. Bids must be accompanied by a deposit of \$2,449.00, representing 5% of the minimum bid value of the sale in cashier's check, certified check, bank money order or bank draft to be applied to the stumpage for the successful bidder. Bid bonds will be accepted and, for the successful bidder, will be closed upon execution of the Timber Sale Contract and Timber Sale Bond.

The sale will be awarded to the highest responsible bidder. If the successful bidder is unable to execute the contract within **21** calendar days from the date the sale is awarded, the bid deposit will be retained by the Department as liquidated damages. The right is reserved to reject any or all bids.

Prospective bidders can obtain the sale prospectus, sale contract and bid forms from the Department of Natural Resources & Conservation, Trust Land Management Division, in Missoula (406-542-4300), the Northwestern Land Office, in Kalispell (406-751-2240), or the Kalispell Unit Office in Kalispell, MT (406-751-2266).

Visit our website at www.dnrc.mt.gov Online Services for upcoming sales and bid results.

/s/ SHAWN THOMAS, Acting Chief Forest Management Bureau Trust Land Mgmt Division

Publication Dates: October 22, 29, November 5, 12, 2008

TIMBER SALE PROSPECTUS MONTANA DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

Timber Sale Name: Lion Mountain

Timber Sale Location: Section 34, T31N, R22W

For specific sale information, contact:

Phone 406-751-2266 Pete Seigmund Unit Office: Kalispell

For copies of the Timber Sale Contract and bid forms, contact:

Phone 406-542-4300 Forest Management Bureau DNRC Missoula Office

Phone 406-751-2240 Northwestern Land Office Land Office

General Bidding Information

- 1. Bids must be submitted on standard Department of Natural Resources & Conservation (Dept) bid forms.
- 2. Timber will be sold to the highest responsible bidder; however, the Dept reserves the right to reject any or all bids.
- 3. The Dept recommends that bidders contact the Forest Management Bureau, Trust Land Management Division (406-542-4300) prior to the bid opening to ensure that your bid has been received.
- 4. A **Bid Guarantee** must accompany all bids and must be in the form of cash, cashiers check, certified check, money order, bank draft, surety bond or irrevocable letter of credit.
- 5. The Purchaser must submit a **Performance Bond** to the Dept within a maximum of **21** days of notification of sale award. The bond amount will be, at a minimum, 20% of the total bid value of the sale. The performance bond may be in the form of cash, irrevocable letter of credit, surety bond or certificate of deposit. The performance bond must be maintained separately from other payments for the duration of the sale contract. See the Timber Sale Contract for additional information.
- 6. The Purchaser must submit an **Advance Stumpage Payment** prior to cutting any timber. The amount of the advance stumpage payment will be based on the expected harvest rate and the bid value of the stumpage. The advance stumpage payment may be in the form of cash, irrevocable letter of credit, payment bond or certificate of deposit.
- 7. All applicable Road Use and/or Maintenance fees will also be paid by the Purchaser in addition to stumpage payments.
- 8. This sale is being sold based on the gross weight of all species. Minimum price and bid price are on a per ton basis. Unless specified, the price applies to all species, green and dead. Price may vary by product. Billing will be based on gross weight. A weight ticket from a certified scale is required for each load hauled, regardless of product type.
- 9. The Dept has estimated the net scale merchantable sawlog volume to be available for purchase under this contract. Other products may be part of this sale. All delivered wood will be weighed and billed at per ton bid rates. The Dept recognizes that a percentage of delivered wood may not meet the log manufacturing and recovery standards of the timber sale contract. The actual percentage will vary based on the log manufacturing and recovery specifications of the purchaser and tree conditions in the sale area. The actual delivered weight may vary, resulting in an overrun or under-run of the estimated tonnage. The Dept strongly recommends that bidders evaluate these effects before bidding.
- 10. The Dept does not conduct detailed road appraisals. All appraised costs are gross estimates or averages, provided only to show the relative amount of work required, and not the true market value. The Dept strongly recommends that bidders make their own estimates based on contract requirements. Cost estimates provided are not guaranteed.
- 11. Bidders are encouraged to examine the complete Timber Sale Package and Sale Area prior to bidding. Additional information is available at the phone numbers shown above.
- 12. Estimates for sale volume, species percents, defect, product class, etc. provided in this prospectus and volume estimates listed in the sale contract <u>are not guaranteed.</u>
- 13. This prospectus is provided for information purposes only. If the prospectus is in error or contradicts the Timber Sale Contract, the contract governs.

TABLE 1: Summary of Sale Specifications								
Sale Data								
100	Net Sale Area (acres)	0 Miles of road construction						
July 31, 2009	Contract ending date	1.05	Miles of road maintenance					
N/A	Cable logging required (% of volume)	0	Miles of road reclamation or abandonment					
	Operating Season Logging: When soil compaction requirements can be met. Operating Season Roads: When site conditions allow.							
Charges and Appraised Costs								
\$2,449.00	Bid Guarantee (total \$)							
20% of bid value	Performance Bond							
\$ N/A	Collected Road Maintenance And Road Use Charges (\$ per ton)							
\$N/A	Collected Forest Improvement Fee (\$ per ton)							
\$N/A	Quarterly Installment of Forest Improvement Payments (\$ per payment, first 5 payments)							
\$1,950.00	Road Development Costs - Appraised Purchaser-Do (total \$)							
\$0	Road Maintenance Costs - Appraised Purchaser-Do (\$ per ton)							
\$0.62	Slash Disposal Costs - Appraised Purchaser-Do (\$ per ton)							
\$ 0.77	Timber Stand Improvement Costs - Appraised Purchaser-Do (\$ per ton)							

TABLE 2: Timber Cruise Data and Minimum Bids									
SPECIES	PP	DF	WL	LP	ES			Dead/Dry	TOTAL or AVE
Minimum Acceptable Bid									\$12.66/ton
Pounds per cubic foot	62.0	61.7	58.3	56.0	57.0			40.0	61
Contract Tons	39.6	3,131.7	539.4	40.0	120.0				3,871
Gross MBF	5.7	457.5	62.2	5.2	16.3				546.9
%Cull and Breakage	12%	8%	47%	10%	1%				7%
Net MBF	5.0	421.7	59.9	4.6	16.1				507.3
Average logs per MBF	27.9	27.1	90.5	68.5	47				35.6
Average DBH	12.0	12.0	8.8	9.0	9.4				11.1
Average tons per acre harvested								38.6	
Average MBF cut per acre on the timber sale								5	
Average number of cut trees per acre based on unit cruise							74		

Calculated Sampling Error (net MBF): 15.9%

The total cruised volume will fall between 426.6 and 588.0 thousand net board feet in 9 out of 10 cruises

Tons Per Thousand Board Feet Conversion Factor

<u>Timber character estimate – estimated tons Scribner per thousand Scribner board feet:</u>

6.85 tons per MBF = 3,476 estimated tons to a 5.6" top \div 507.3 net MBF Scribner - 5.6" top DIB.

<u>Contract value – estimated tons hauled per thousand Scribner board feet:</u>

7.63 tons per MBF = 3,871 estimated tons to a 4.6" top ÷ 507.3 net MBF Scribner to a 5.6" top DIB. This value is the timber sale contract conversion factor and will be used for reporting DNRC harvest totals.

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TABLE 3: Unit Harvest Volume and Harvest Schedule							
Unit	Section	Acres	Estimated Net Tons	Estimated Net MBF	Removal Date		
1	34	100	3,871	507.3	March 15, 2009		

Additional Sale Information:

- 1. Forest Improvement payments are not required on this sale.
- 2. No landings are permitted along existing roads. Short 100-foot temporary spur roads are required for access to landings that must be rehabilitated following use.

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